

FINANCIAL MANAGEMENT FOUNDATION PROGRAMME

Module Objective

The Financial Management module develops skills and techniques to assist in short-term and long-term financial planning. The long-term financial plan consists of decisions relating to investments (including acquisitions and mergers), finance and dividend decisions. Long-term decision often seek to maximise shareholder wealth, although the module briefly examines other possible scenarios. The short-term focuses on working capital and liquidity management. An underpinning concept throughout is the identification and management of risk. Upon successful completion of this module, Candidates will have gained practical knowledge through the application of various financial management tools and techniques.

Module Assessment

The Foundation Programme is assessed by way of centralised examinations. Each module will be assessed by way of a 3-hour and 15 minutes restricted open-book written examination. There will be four questions, and each question may have multiple parts requiring structured responses.

THE MODULE AT A GLANCE

- A** Describe the nature and purpose of financial management, and how the objectives relate to an entity's corporate strategy, both financially and non-financially, in different types of organisations. For each type of business, outline the economic environment faced by the business and consider the role of financial markets and institutions.
- B** Discuss the importance of working capital management and describe the different management approaches relating to inventory, accounts receivable, accounts payable, and cash appropriate to the business entity, for working capital needs and funding strategies.
- C** Describe the different sources of short- and long-term finance that are appropriate and available to different business entities in different industries and size, including small- and medium-sized entities. Consider the implications of an existing or proposed finance structure on gearing, cost of capital (debt and equity), and the capital structure.
- D** Describe Identify the purpose of investment appraisal and apply the non-discounted and discounted cash flow techniques, adjusting for the effects of risk and uncertainty. Effects of inflation and taxation are also considered under the discounted cash flow techniques, as appropriate. Consider the impact of the cost of capital in investment appraisal. Describe and apply the different business valuation models available to value an organisation with debt and/or equity. Outline the efficient market hypothesis and state how this affects the valuation of shares.
- E** Identify the different types of risk that may be contained within a defined business environment and apply appropriate monitoring and mitigation strategies.

WEIGHTAGE

Introduction to Financial Management	4Hrs	7%
Cash and Working Capital Management	12Hrs	20%
Financing Decision – Capital Structure (including dividend decision)	12Hrs	20%
Investment Decision	24Hrs	40%
Risk Management	8Hrs	13%

* Estimated study hours only serve as a guide for the Candidates.

ASSUMED KNOWLEDGE

It is assumed that Candidates have acquired a basic understanding of financial management issues from their prior tertiary studies, and have a good working knowledge of the Singapore economy, including its position in the region and internationally.